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Imperial Preferential Trade

FROM

A CANADIAN POINT OF VIEW

By

ADAM SHORTT, M.A.

Professor of Political Science
Queen's University
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IMPERIAL PREFERENTIAL TRADE

FROM A CANADIAN POINT OF VIEW

Introductory

In introducing a discussion on the subject of preferential trade within the Empire, so far as it affects Canada, it is fortunate that, on the surface at least, one does not require to emphasize the necessity for a good understanding between Britain and her colonies. The differences which arise, and which, it must be confessed, are sometimes rather radical, are due to different conceptions of the best methods and means for promoting the closest and most permanent ties between the different parts of the Empire. At an earlier day the term Imperialism might perhaps have been accepted by all, as expressive of a generous policy of mutual sympathy and co-operation in the promotion of noble ideals of civilization throughout the Empire. But, unfortunately, this term has been more and more monopolized by special organizations which have identified it with such a narrow, mercenary, and unspiritual conception of imperial destiny, that those who aspire to a wider and more generous outlook for the individual, and a more cosmopolitan ideal of civilization for the Empire, cannot possibly accept it as representing their aims. Those whose spirits have once glowed in response to the lofty and enlightened conceptions of the place of the British race in the world's progress, as set forth by the great minds of the past and the present, can hardly be expected to enlist under the banner of the New Imperialism.

We may, and we do, introduce the buckstering spirit of sectional interests into national politics, and in the crudest manner pervert patriotism to the service of private interests and corporate schemes. But, though this inevitably results in the degradation of politics, yet the evils chiefly work themselves out in party strife and party corruption, while the structural national unity is preserved. But the introduction of this spirit into imperial relations must prove absolutely fatal, for no corrosion of the ties of Empire is so vitriolic as the suspicion that the material interests of one part are being sacrificed to those of another. Sectionalism, not partyism, is the receptacle of all bitterness in imperial relations. As I shall attempt to show, very briefly, it was the removal, first of despotic, then of mercenary interests from the imperial relationship, and the transfer of the latter to private enterprise, that at once saved the Empire from dissolution and improved its economic condition. The imperial interest was turned into new and loftier channels where it has peacefully and beneficently flowed till quite recently. How fatal may be the attempt to exploit the imperial ties once more, in the interest of material gains of wholly speculative promise, those who have followed the history of colonial relations can best appreciate.

One of the most interesting phenomena of the present day is the remarkable wave of declining self-reliance, amounting in some cases almost to despair, which, without any reasonable outward cause, is at present sweeping over the Mother Country, and even spreading to the other parts of the Empire. But, whatever be the ultimate explanation of this popular panic, it is at least highly necessary that we should seek to guard ourselves, in advance, against any possible follies which we may be tempted to commit; for nothing is so contagious as blind fear, or so uncontrollable when thoroughly roused.

Mr. Chamberlain, with his unique capacity for burying himself in one idea at a time, has been chiefly instrumental in preaching the decline of British power and capacity. Nothing more strikingly demonstrates his well-known demagogic influence than his remarkable feat in bringing so many British people from a condition of prosperous contentment to the very brink of ruin, within a twelvemonth. The very Empire itself is for him but as clay in the hands of the potter; for has he not assured us time and again, that by means of the Boer War he brought it to a condition of unparalleled unity and solidarity; and has he not, within a very short period, reduced it to such a parlous condition that nothing can save us from destruction but committing our destinies to his charge, by giving him a blank mandate to work out our salvation? Now we in Canada cannot dictate to the British people what commercial policy they must adopt, for we in the past chose for ourselves, and insisted upon following the example of the United States, not that of Britain. We can have nothing to say, therefore, even should the British people under the influence of Mr. Balfour, Mr. Chamberlain, and their assistants, become convinced that their day of greatness and independence has suddenly passed, and that henceforth instead of following a policy of their own and leading the commercial world, as they have done so long, they must go back several centuries and learn once more to imitate the example and copy the policy of other European nations. But, in the face of such possible changes, it behooves us in Canada to know where we stand, so that we shall not be blindly committed to a line of policy which may be inconsistent with our national interests and dignity, or threaten the maintenance of those higher relationships within the Empire, which must be independent of fiscal changes in any part of it.

It is my chief purpose, in the following pages, to throw

some light on the central issues which must come to the front in any endeavour to make the colonies and the Mother Country mutually dependent upon each other, and thus to approximate to a self-dependent Empire. It is necessary, therefore, first, to indicate broadly the nature of the problems with which we are confronted; secondly, to trace briefly the historic development of the colonial relationship, with special reference to the rise and fall of the preferential system; thirdly, in the light of past facts and present conditions, to consider what is likely to be the significance for Canada of any preference on grain or other food products, which is likely to be offered, and also of the special sacrifices, or other return, which she is expected to make for the preferences promised; and lastly, to give expression to a few general principles which seem to be involved in our present condition, and the development of which must determine the trend of our immediate future.

The Problem

First, then, as to the nature of the problem which at present confronts Canada. This is connected with the imperial aspect of the fiscal proposals at present before the British people, and must be carefully distinguished from the purely British problem as to whether that country is or is not to change its fiscal system, and adopt a protectionist policy in place of a free trade one. But, even in the stating of the problem, we are met with a difficulty, for the supporters of Mr. Chamberlain in Canada, and Mr. Chamberlain and his followers in Britain, so far as they take the world into their confidence, present the proposed preferential relations and their consequences in widely different forms. A highly coloured prospectus is issued, in the usual sonorous and swelling terms, for the establishment of a limited partnership, through the medium of which the partners shall exploit one another's property, and it is made plain to each in turn that he will

undoubtedly receive the lion's share. In other words, in the presentation of the preferential scheme, we have a striking example of what is, unfortunately, already too familiar to Canadians under the designation of the two-faced campaign, the same party preaching one policy in one province and a very different one in another. Yet the evil of these unscrupulous and disintegrating tactics in Canada is offset, to a certain extent, by the existence of two parties which manage, in a measure, to expose each other's misrepresentations. Between the different parts of the Empire there are as yet no such checks, hence it is possible for the double-faced campaign to enjoy an unusually free course, leaving it to the hard, practical consequences to reveal the deception which has been practised. How the subsequent gnashing of teeth must affect the imperial relations, is a matter upon which one does not care to dwell.

Is it not, then, a matter of the utmost importance, at once for the honour of our own country and as affecting the integrity of our relations to the Empire, that we should be perfectly honest, both with ourselves and with the people of Britain, alike as to what is offered to us, what is expected from us in return, and what we are prepared to grant? But, when proposals of preferential trade are held out to us, whether in broad outline, or in detail, it will not do for those who aspire to inform and lead Canadian opinion to present in an exaggerated form the advantages which are to come to us, and to greatly minimize or ignore what the people of Britain are being led to expect from us in return. Nor should we attempt to give the people of Britain the impression, that we are heartily in sympathy with the promises which are being made to them on our behalf, when we know, or ought to know, that we have no intention of conceding so much. Yet that this process of mutual deception is being regular-

ly practised, any one who is at all familiar with what is being promised in Canada, on the one hand, and in Britain, on the other, cannot but recognize.

By the studied vagueness of his utterances, Mr. Chamberlain, consciously or unconsciously, facilitates this mutual deception. Though professing to base the whole of his preferential scheme upon the immense advantages to be derived by the Mother Country and the colonies from their mutual concessions to each other, he gives us a very unsatisfactory account of how that system is expected to be worked out. Those in Britain who are anxious to give his proposals a fair and full consideration, have found it impossible to get him to commit himself on the most necessary details. Such details as he does permit to escape him, from time to time, are apt to be shortly repudiated, when he discovers the consequences to which they inevitably lead.

Mr. Chamberlain talks vaguely about the stagnation or decay of British trade, of how Britain is being crowded out of the markets of the world, and how she must, consequently, seek safe and permanent outlets for the products of her future industry, in a very greatly expanded trade with the colonies. In good round terms the people of Britain are constantly being promised that the colonies are to provide them, almost immediately, with a very greatly expanded trade, and thus to become the chief hope for the future of their industries. When asked for some definite plan as to how this salvation of British industry is to be insured, and how he expects the colonies to adjust themselves to these new conditions, he still finds refuge in vague statements. From these, however, we may gather at least the general trend of his views.

In common with Mr. Balfour he deplores the mistaken colonial policy, or want of policy, of the free trade era, which permitted the colonies, and particularly Canada, to

enter upon a manufacturing future. As he has pointed out, Canada, having made most progress in the line of developing industries for herself, now takes from Britain a much smaller amount of manufactures per head of the population, than any of the other self-governing colonies. Had a wise policy been followed at the time of the introduction of free trade in Britain, the colonies might, with much advantage to themselves and more profit to Britain, have been retained in a commercial union with the Mother Country, of such a nature that Britain would have continued to supply the colonies with increasing quantities of manufactured goods, and have received from them greater quantities of food and raw materials. However, when cornered on this point, Mr. Chamberlain hastens to assure the colonies that they are not to be deprived of their existing industries, at least so far as they prove their capacity to survive. Much, therefore, of what has been lost, through the establishment of colonial industries, must be accepted as lost. But it is still not too late to arrest the further development of this process, and by timely bargaining with the colonies, and by a wisely directed lateral pressure, in the shape of a preferential tariff on food supplies, to divert the attention of the colonies, and especially of Canada, from the expansion of manufacturing to the expansion of agriculture. This would secure for Britain the manufacturing industry of the Empire, and a greatly enlarged field for her goods among the expanding agricultural population and the increasing number of those engaged in the processes of exchange and transportation. Connected with this is the further ideal of securing the British food supply, and the supply of many other raw materials, entirely within the Empire. Instead, however, of explaining how this ideal of a self-contained Empire is to be worked out, he leaves that to the guess-work of his followers. His own speeches are

occupied, for the most part, with what the majority of his audiences evidently regard as much more interesting and satisfactory, namely, re-iterated assurances that the Empire at large is ripe for his scheme, that it is the only possible one which will prevent it from breaking into fragments, and that his opponents have no alternative scheme for averting this catastrophe. This is a very safe boast and defiance, as aimed at those who do not recognize the impending calamity.

The fact is that Mr. Chamberlain treats the whole subject, not as an honest and straightforward statesman, but merely as a skilful politician, who is bent on allowing to his critics as little foothold as possible, while, by adroitly playing on the susceptibilities of the masses with vague alarms and reassuring promises, he hopes to be returned to power with a popular mandate on imperial preferential trade. To those who are curious about the details of his scheme, he intimates that the sooner he receives the imperial mandate the sooner their curiosity will be satisfied.

Although, then, we have no frank and statesmanlike proposals to discuss, yet, by putting various statements together, we are able to know fairly well what Mr. Chamberlain is aiming at, and what is necessary to make his scheme work. In his speech at Glasgow he descended to particulars more fully than before or since. Those particulars indicated quite clearly that he had rather an extravagant expectation as to the degree to which the colonies would sacrifice their manufacturing industries in return for a preference on grain. Some of the natural consequences involved having been immediately pointed out, Mr. Chamberlain sought the easiest avenue of escape by simply repudiating the reports of his speech, notwithstanding that *The Times*, in particular, had taken pains to congratulate its readers on the exceptional completeness

and accuracy of its report. But, though Mr. Chamberlain now denies that he expects the colonies to give up any specific industries in favour of Britain, yet along with this denial he indicates that the general outcome of the preferential trade development between Britain and the colonies will be a condition in which they will cease to compete with each other, but will, for the future, simply supplement each other's industries, thus vastly increasing each other's markets. Now this can only mean, as already stated, that the chief lines of British goods will have a free field in the colonies, and the colonies will supply the food and raw materials for Britain.

When we put together Mr. Chamberlain's severe criticism of the present policy of Britain with reference to her foreign trade, and his criticism of the lack of organization and mutual industrial dependence in inter-imperial trade, when we observe his regretful references to the changes effected in the commercial relations with the Mother Country, during the free trade era, and when we notice how strongly he emphasizes the necessity for restoring the systematic commercial unity of the Empire, as its only salvation for the future, what we recognize is, that Mr. Chamberlain has before his mind a scheme for the future of the Empire which is tantamount to a restoration of the old Colonial System, on its commercial and industrial side at least, with its machinery of mutual preferences, and the ideal of a self-contained Empire with restrictions on foreign trade.

With such an ideal in view, we can understand his policy of first alarming the British public with pictures of their impending ruin through foreign competition, and then of appeasing them with a vision of trade redemption through possession of the colonial markets, whose great present, and still greater future value to them, would be well worth paying for, even at the price of a tax on food.

This fits in, also, with his demonstration to the working men that, even should their food cost a trifle more, which is by no means certain, the very great increase in employment, owing to the opening of the colonial markets, will much more than compensate them in good wages and steady employment.

As we have indicated, Mr. Chamberlain is too much of a politician to give us the details of his scheme, even should he have them, if he can get his mandate without doing so, and by simply promising everything that heart can wish, alike to the people of Britain and those of the colonies.

Historic Precedents

In default of details, we are induced to ask what light we may derive from the experience of the past, with its numerous attempts to realize just such an outline of imperial prosperity as Mr. Chamberlain has sketched. We shall therefore turn for a time to a brief account of the actual attempts made by Britain, in the past, to realize a unified and self-dependent Empire by mutual preferential treatment and the avoidance of any competition in industries between the Mother Country and the colonies. In so doing we shall not only obtain considerable light upon Mr. Chamberlain's plan, so far as revealed, but we shall have put ourselves in a position to more intelligently discuss any subsequent phases of the preferential idea which may be brought forward.

The old Colonial System

The old Colonial System of Britain was not indigenous to that country, but was borrowed from the policy first put into practice by Spain and Portugal, transferred by Spain to the Netherlands, developed by France, and finally adopted by England. But, from the very beginning of Britain's foreign and colonial enterprise, a different spirit was shown by her naval and colonial pioneers from that which actuated most of the other commercial nations of Europe.

In the days of the Tudors, an elaborate, though unsystematic, machinery of preferences, bounties, and prohibitions was in operation, for the fostering of the Royal Navy. The fishing industry, in particular, was encouraged by bounties, exemptions, and enforced political Lents, while distant voyages, on the part of independent traders, were not only refused aid, but were discouraged, as tending to export treasure and as not furnishing so much visible profit or immediate return. Yet the officially encouraged system led to all manner of frauds and a positive weakening of the navy. On the other hand, the vigorous and permanent development of British naval and commercial supremacy was due to the personal enterprise of the free traders, who insisted on making the world their field. Though these real founders of Britain's naval supremacy were many in number, yet they are chiefly remembered in history by two of their most enterprising and spectacular, albeit somewhat unscrupulous, members—Hawkins and Drake.

After the Stuart Restoration, the Navigation Acts of 1651 and 1660 became the foundations of the new Colonial System, which, in its well-rounded completeness, like most of the novelties of the time, was imported from France. In this we have, for the first time in Britain, a coherent and systematic view of the relations which, it was held, ought to exist between the Mother Country and its already considerably developed colonial possessions. The new idea was that of a self-contained Empire, in which the colonial possessions should furnish the Mother Country with supplies of raw materials and various products for consumption, not produced at home, which she might either use herself or sell at a profit to other nations, as far as possible for coin or bullion. At the same time, the Mother Country monopolized the colonial markets for manufactured or other goods supplied from the

home country, and also found in outward and inward colonial trade an exclusive field for the development of her shipping.

Such a system has always had a special attraction for that class of rulers and politicians who devote themselves to planning narrow and well-disciplined theories of Empire, but have little patience for the study of intricate details and awkward practical problems, which, however, refuse to be ignored in the real world of varied and complex interests. This system had naturally commended itself to the spiritual temperament and national characteristics of the ruling classes in France, Spain, and Portugal. These nations, therefore, naturally made a consistent effort to carry out the attractive scheme of colonial Empire which they had devised. But all the world knows, in outline at least, what became of the large and promising Empires which these nations carved out of the newly explored regions of the earth, upwards of three centuries ago.

The Dutch and English governments, though accepting the system from its original inventors, did not find it altogether in harmony with the sturdy, independent tendencies of their peoples, and were thus less successful in enforcing it in their colonial possessions. The colonial administration of the British in particular, as her theoretic imperialists have been sorrowfully pointing out for the last two centuries and a half, has been but a wayward and ill-groomed thing as compared with the artistic finish and military precision of that of the other nations, so long, at least, as they had anything to administer. So far as the British Government was successful from time to time, in bringing its Colonial System into harmony with that of the rest of Europe, it must be admitted that it produced like results, much to the consternation of its advocates. But the prevailing fact has been that, what-

over her avowed colonial policy, at least the practice of Britain has been for the most part quite different from that of the rest of the world. The result has been that she stands to-day at the centre of a colonial Empire whose success, in spite of imperialistic blunders, is altogether unique in the world's history.

Two Presentations of the Colonial System

In order to illustrate the spirit of the old Colonial System at its best, it will be sufficient to take a couple of typical presentations of its central idea, before the attempt to rigidly enforce it had proved its unworkable character, in bringing about the American Revolution. We shall take one example at the beginning, and another at the end of this period.

In the reign of Charles II., when the Navigation Acts were passed and the new Colonial System introduced, Sir Joshua Child, the virtual ruler, in his day, of the East India Company, was one of the most intelligent advocates of the new policy. About 1680 he wrote an interesting treatise, under the title of "A New Discourse of Trade," in which he dealt with British trade in general and its relation to the new Colonial System. The pioneers of British colonial expansion, having pursued, for the most part, a policy of free and independent trade, as was more or less inevitable owing to the troubles in Britain itself, did not relish the application of the new Colonial System. They were disposed to argue their cause at home while, as far as possible, evading the law in the colonies. Sir Joshua summarized the objections of the colonial traders and planters to the new imperial policy as follows: "The inhabitants and planters of our plantations in America say this Act will in time ruin their plantations if they be not permitted at least to carry their sugars to the best markets, and not be compelled to send all to, and receive all commodities from, England." His reply to the colonial remonstrance is at once significant of the Euro-

pean imperial point of view, which was borrowed by England, and in a striking manner voices the object, though not the method, of Mr. Chamberlain at the present time. "I answer if they were not kept to rules of the Act of Navigation, the consequence would be that in a few years the benefit of them would be wholly lost to the nation, it being agreeable to the policy of the Dutch, Danes, French, Spaniards, Portuguese, and all nations in the world, to keep their external provinces and colonies in a subjection unto and dependency upon their Mother Kingdom; and if they should not do so, the Dutch, who, as I have said, are masters of the field in trade, would carry away the greatest of advantage by the plantations, of all the Princes in Christendom, leaving us and others only the trouble of breeding men, and sending them abroad to cultivate the ground, and have bread for their industry." In other words, it would never do for Britain to pursue an independent course of her own; she must of necessity follow the example of the other nations of Europe, or disaster would surely follow. In passing, it is worth remarking that the Dutch, of whom Sir Joshua is so much afraid, occupied in those days, as is evident from what he himself points out in another part of his work, the position which is now held by Britain. Holland was the country with the freest trade, the most extensive shipping, the cheapest goods, the largest amount of capital, the lowest rate of interest, the most honest tradesmen, and the highest standard of living for the people at large.

Notwithstanding the arguments of Sir Joshua Child, the most enterprising English traders and planters did not recognize the special virtues of a rigidly disciplined and self-contained Empire. They were certainly not little Englanders, but neither were they little imperialists. Even in those early days their spirits were strong enough,

and their vision clear enough to see that the world at large was not too great a field for English merchants and English seamen with the right stuff in them. Following that conviction, the early English traders and planters had already caused Britain to acquire the foundations of a great colonial Empire, almost in spite of herself, and, whatever orthodox notions as to a colonial policy the Government might adopt from European courts, they, at any rate, were determined to follow what they had discovered by solid experience to be the wisest course of trade, however unsymmetrical, unfashionable, and original it might be. And Sir Joshua Child, shocked as he was at the bold violation of the accepted policy and practice of Europe, which these British-American colonists exhibited, at the same time is forced to admit that their anti-imperial methods had most unexpected results. For, not only had the plantations themselves prospered astonishingly, but they had enriched the Mother Country also, in quite unexpected ways. He therefore frankly confesses himself as quite at a loss to know what should be done with them. In his own words:— "The people of New England, by virtue of their primitive Charters being not so strictly tied to the observation of the laws of this Kingdom, do sometimes assume the liberty of trading, contrary to the Act of Navigation, by reason of which many of our American commodities, especially tobacco, and sugar, are transported, in New-English shipping, directly into Spain, and other foreign countries, without being landed in England, or paying any duty to His Majesty; which is not only a loss to the King, and a prejudice to the navigation of Old England, but also a total exclusion of the old English merchant from the vent of those commodities in those ports where the New English vessels trade." But, after duly exposing the irregularities of the New Englanders, who, being the most enterprising, were also the chief

offenders, he closes thus:—"To conclude this chapter, and to do right to that most industrious English colony, I must confess, that though we lose by their unlimited trade with our foreign plantations, yet we are very great gainers, by their direct trade to and from Old England, our yearly exportations of English manufactures, malt, and other goods from hence thither, amounting in my opinion to ten times the value of what is imported from thence, which calculation I do not make at random, but upon mature consideration, and peradventure upon as much experience in this very trade as any other person will pretend to. And therefore, whenever a reformation of our correspondency in trade with that people shall be thought on, it will in my poor judgment require great Tenderness, and very serious Circumspection."

Now the perplexity of Sir Joshua as to how to deal with such highly profitable, but anti-imperial Empire builders, continued to be the perplexity of the Home Government throughout the whole century from 1665 to 1765, during which period Britain had both stripped and outstripped practically all her colonial rivals. The Colonial System remained unaltered but the practice was very loose, and the trade as profitable as it was irregular. During this period the colonies found it natural and profitable to take the greater part of their manufactured goods, both for their own use and for trade, from the Mother Country, and to supply her in turn with most of the foreign produce and raw materials which she needed. But in the case of certain manufactures, and in their secondary trade, they did not respect the Colonial System. In return for part of their imports from Britain, they sent to her a constant stream of Spanish and Portuguese bullion, the profits, largely, of forbidden trade. This influx of treasure was as much a cause for rejoicing, on the part of the colonial

theorists, as the methods by which it was procured were a source of grief to their imperial souls.

Now these American colonies were not enriching Britain at their own expense, but over the head of their own prosperity. Perceiving this rapid expansion of the colonies, the more extreme advocates of the Colonial System and the Navigation Laws, came to regard their prosperity with a jealous eye, conceiving that more of it could be brought to the Mother Country if the Colonial System were more rigidly enforced. They reasoned as Mr. Chamberlain does, that the colonies were not contributing to British trade in proportion to their development. They were satisfying an increasing number of wants by their own exertions and their trade with others, when it should be the privilege of the Mother Country to supply them with manufactured goods, at least. Though the aggregate trade of Britain with the colonies was steadily increasing, the trade per head of the population was not sufficiently increasing. Hence, unless measures were speedily taken to bind the Empire more closely together it would inevitably go to pieces.

Such were the ideas which began to prevail among the new group of politicians who came to the front when George III. ascended the throne, and their ideas are expressed very fully in the new imperialistic literature of the period. At that time another great struggle with France had just closed, and the colonists in America, notwithstanding their very objectionable views on self-government and their irregular trade practices, had come to the assistance of the Mother Country with men and means, to an astonishing extent. Indeed, they had shown such enthusiasm for the British cause and the British connection, that the theoretic imperialists began to talk the language of to-day. They declared it to be both possible and desirable to take advantage of the outburst of

imperial sentiment to re-organize the Empire, and to bind it more closely together, by making it economically more self-dependent, by requiring colonial contributions to the imperial navy, and the abandonment by the colonies of their growing tendency to establish manufacturing industries. In all this they were encouraged by a few local enthusiasts in the colonies, themselves mainly people in official positions, or having special interests and connections in Britain, and moving in special social coteries in the colonial capitals. But though they professed to speak for the colonies, they did not understand the tempers and interests of the common people, who were quite well disposed towards the Mother Country till their liberties were threatened. The theorists were sufficiently warned of the folly of their course by the most far-seeing men of their time, by Chatham, Fox, Burke, Shelburne, Cavendish,—men who had broad and enlightened views on colonial questions, as well as on many others. However, their warning was entirely disregarded, in substance they were called little Englanders, and accused of being traitors to the cause of Empire.

One of the calmest and most rational of the numerous statements of the period as to the necessity for re-inforcing the Colonial System and establishing an imperial commercial federation, was presented in a treatise entitled, "Propositions for Improving the Manufactures, Agriculture, and Commerce of Great Britain." This was published in 1763, when the air was full of the imperial enthusiasm which had resulted from the overthrow of the French power in America. This overthrow itself was the inevitable outcome of a long competition between the British colonial practice, and the French colonial theory. Yet, oddly enough, it was immediately followed by the revival of the French colonial theory in Britain.

The sixth of the "propositions" referred to in the trea-

tise before us, was the following: "To give large bounties for the encouragement of a trade with our North American colonies; especially in such articles as shall make for the mutual advantage of both the Mother Country and her colonies." Here is how the argument proceeds: "Since we have made such immense conquests on the North American continent, which are to be guaranteed to us by the present treaty of peace, that mighty Empire, from its situation, is capable of producing the greatest part of the raw materials which are used in all our manufactured goods, which we are, at present, obliged to purchase of foreigners, many of whom, by that means, have a very great balance of trade against us; and therefore the reasons for this proposal are very obvious and convincing. Besides, the natural interest of Great Britain and North America is so closely connected, that their loss must inevitably be our loss; for if we do not assist them in taking off their raw materials, they cannot purchase our manufactured goods, but will purchase what they are in want of from foreigners, who will take those raw materials, and in the end, not only manufacture for themselves, but also oppose us in foreign markets." ... "They have a very flourishing linen manufactory at this time in Boston, supported by all the merchants of that place, and another within twenty miles of Philadelphia, which is equally encouraged by the Quakers. Besides, there are several woollen manufactures on this coast, which work up the greatest part of the wool of New England. But further, the North Americans, not content with setting up manufactures among themselves, which greatly interfere with the trade and prosperity of their Mother Country, by the connivance of the custom-house officers which we nominate to them, (many of whom employ American deputies, and have their residence in London) smuggle into that continent a large quantity of Dutch,

German and French manufactured goods. In fact, above the one third of the manufactured goods that are consumed in North America are the produce of France and Holland, notwithstanding our laws expressly forbid the importation of any manufactured goods into those colonies, but such as are exported from Great Britain or Ireland. Hence, therefore, unless we extend our commerce with these people, and take off the produce of their plantations, necessity will reduce them to permit such nations to come and trade with them, who will take off the produce of their plantations, and, in barter for it, supply them with such manufactured goods as they are in want of." He proceeds to set forth a list of colonial food products and raw materials on which a special bounty or preference should be given, and continues: "These are the raw materials which should be particularly encouraged in our inland settlements to barter in return for our manufactured goods; especially as we are obliged to import a great quantity of those commodities, from foreign nations, for the use of our manufactures, and thereby give those nations a great balance of trade against us. But further, while we are protecting and encouraging our back settlements we must not forget to divert the thoughts of the inhabitants, in the more populous places on the sea-coasts, from entering into manufactures by giving great encouragement for bringing their raw materials to a British market, especially such as are of general use in our manufactures." He then goes on to show how a judicious preference in favour of the colonies, with a tariff upon similar articles brought from foreign countries, would enable Great Britain to obtain her food and raw materials entirely from her own colonies, and thus render the Empire self-sustaining and independent of the other nations who are the natural rivals of Britain. How strikingly most of this parallels Mr. Chamberlain's

policy of to-day, scarcely needs to be pointed out. Though this policy was less objectionable in itself a century and a half ago than it is to-day, yet the attempt to enforce it in the early part of the reign of George III. cost Britain the best part of her Colonial Empire.

Colonial Trade after the American Revolution

The American Revolution, however, did not greatly alter the previous line of trade development. It chiefly prevented a radical interference with the freer trade practice which had grown up. Yet the advocates of the old colonial policy, in its strict interpretation, professed t rejoice at having severed the connection with the undutiful colonies. As they put it, unless the colonies were either brought into closer dependence upon Britain, or separated altogether, the unrestricted development of colonial trade and industry, with the growing tendency to indulge in manufacturing for themselves, thus developing their natural resources at home instead of adjusting them to the requirements of British industry, must have resulted in the centre of the Empire being transferred from London to Philadelphia. Thus the colonies, not Britain, would have ruled the Empire.

Shelburne and Pitt the younger, Chatham's distinguished son, who became Prime Minister immediately after the American Revolution, understanding fully the nature of the commercial relations which had existed between Britain and the colonies, and the great mutual advantage which had resulted, strongly urged that the old commercial relations with the colonies, which had just become the United States, should be continued as though no political separation had taken place. But the ordinary British member of Parliament was still far from being educated up to that standard of political and economic wisdom. Hence, notwithstanding the efforts of a group of the most enlightened statesmen of the time, the United States was thereafter to be treated as a rival foreign power. This

involved the rather peculiar attitude that much of what had previously been regarded as a very natural and profitable trade must henceforth be treated as an equally unnatural and unprofitable one. Indirectly, Pitt managed to preserve a pretty free inland trade between Canada and the adjoining American States. The Navigation Laws, however, prevented the same freedom of trade by sea, much to the injury of the West Indies, which had formerly depended on the revolted colonies for their supplies. It was sought to bodily transfer this trade in West Indian supplies to the remaining British North American colonies, to the immense disadvantage of the West Indies and without any commensurate benefit to the northern colonies. From that time on, notwithstanding that the Colonial System was occasionally relaxed, only to be enforced again, the West Indian trade declined. From being the source and centre of an immensely profitable British trade, it sank gradually into decay, so that when the Colonial System was finally abolished it had become so hopelessly broken and scattered that it could not be recovered. Thus, too, the British North American colonies, in whose interests the West Indies were sacrificed, found no permanent advantage in the sacrifice. In fact, so far as they benefited from the loss to the West Indies, it was simply a case of killing a fat steer for the sake of the hide and the horns. Yet the persistence with which they clamoured at the gates of the Home Government for these perquisites, and the unanswerable argument which they drew from the Navigation Laws and the Colonial System, furnish an interesting if somewhat tragic chapter in colonial history.

The movement towards the reform of the British Commercial and Colonial Systems, which Pitt had inaugurated and with which Fox, his political opponent, was in complete sympathy, was arrested at the outbreak of the

French Revolution. No further reforms of a systematic nature could be attempted until the close of the great struggle with France in 1815. Pitt, however, made a treaty with the United States in 1794, which was the first serious legal encroachment upon the Navigation Acts and the Colonial System, and which was of great advantage to Britain during the war. Nevertheless, it was bitterly opposed by the supporters of the old imperial system, and by those whose special interests were furthered by it. So long as Pitt and Fox lived, the profitable alliance between the American traders, with their advantages as belonging to a neutral power, and the English manufacturers, who supplied the goods with which to trade, was maintained. It was the profits on her rapidly developing industries which enabled Britain, almost single-handed, to defy the combinations and coalitions effected by Napoleon. However, no sooner were those great statesmen removed by death in 1806, than the clamours of the ultra-loyal devotees of the Colonial System and the Navigation Acts, were renewed with great vigour. The weak hands into which the Government of the country had passed, were forced, and the celebrated Orders in Council began their unreasonable course, bringing out the equally absurd Decrees on the part of Napoleon, between them, destroying the neutral trade and ultimately precipitating war between Britain and the United States. During the suspension of intercourse by sea between the United States and Britain, preceding the war of 1812, Canada enjoyed the first of those unnatural bursts of commercial prosperity, due to the forcing of trade between the United States and some other part of the Empire out of its normal channels and into Canadian routes, first by way of Lake Champlain and Montreal, and, later on, by way of the western lakes and the St. Lawrence as well.

After the American Revolution, the British Government

New Phase of Colonial Policy

had formally renounced the right to tax the British colonies, except for the regulation of trade. The proceeds of these regulative duties were to form part of the revenue of the colony on whose trade they were laid. The other portions of the Colonial System were, as we have seen, maintained in their theoretic completeness, and, what is of special significance, they were more thoroughly enforced among the remaining colonies than ever before. To conciliate the colonies, however, the Home Government entered upon a new policy of lavish expenditure in them, and sought also more consciously and directly to build up a system of preferential treatment of colonial produce in the British markets, and in the markets of the other colonies.

In this process very special attention was paid to the remaining colonies in British North America, and to Canada in particular. They obtained preferences and bounties not granted to any other colonies. Thus, for instance, the great preferential systems built up in connection with timber and grain, were never extended to the more distant colonies of Australia, New Zealand, and Cape Colony. Yet these were rivals with British North America in the securing of British immigrants, and were so much more distant from the home markets, that all the arguments advanced in favour of Canada should have told still more strongly in their favour. Nevertheless, the remarkable fact remained, that the Australasian colonies, though infant industries in the colonial business, unpreferred, unprotected, and seriously handicapped, in competition with the long established, highly preferred, elaborately protected, and much nearer colonial establishments of British North America, drew off increasing numbers of immigrants, and, during the latter period of the old Colonial System, were more flourishing and more attractive to emigrants than the American colonies.

Now when we look for the ultimate cause of these remarkable preferential differences, we find that they were due, not to any special desire to favour Canada above all other colonies, but to the connection of Canada with certain strong commercial and shipping interests in Britain itself, who industriously exploited the Colonial System for its own benefit, and enlisted its clients in British North America in the same cause.

Preferential Duties on Timber

In tracing the growth of the preferential system in British North America, we observe that these colonies inherited from those which had revolted, certain moderate bounties upon timber, hemp, and other naval stores. But, in the matter of timber in particular, these advantages were greatly increased by the preferential system introduced, during the Napoleonic wars, to favour the British shipping and colonial timber interests. As this policy built up a considerable timber and shipping trade with British North America, important vested interests were established in Britain and the colonies, which steadily resisted all attempts to reduce the favours granted. These preferences were modified from time to time, but even as late as 1840 they ranged from five hundred to one thousand per cent. over the rival supplies from the Baltic.

The good and evil effects of the timber preferences, upon Canada and New Brunswick, were hotly debated in those colonies. The capitalists engaged in the timber trade were mainly British residents, who, as one of them confessed before the Colonial Committee, in 1828, and as was frequently pointed out by others, when they made their money remitted it to Britain and ultimately retired there to live. The advantages of the preferences to the British capitalists and ship owners were admitted by all. But, as to the colonies themselves, the results were of a very mixed character. The timber trade did not, as a rule, contribute to stable and permanent settlement, while it

commonly drew away many settlers from the regular cultivation of their farms, and demoralized social and family life. On their return to the settlements from shanty life, too many of the lumbermen spent their money in riotous living, much to the detriment of the morals of the country. The chief contribution which the industry made to the country was in enlarging the home market for grain and salt meat, with which the shanties were supplied. But this was a small return for numerous social and economic injuries, and the destruction of vast areas of the finest timber lands in the world. This destruction was largely due to the most wasteful treatment of the forests. The cutting of only the choicest timber, over wide areas, furnished sufficient dry brush to feed the fires which destroyed the remainder of it. As was pointed out by several of the most public spirited Canadians of that period, the fact that most of the capital derived from the timber industry did not remain in the colonies, accounted in considerable measure for the slow development of Canada as compared with the neighbouring States. Looking at the timber trade from beginning to end of its preferential treatment, it must be admitted that it was of very questionable benefit to Canada even at the time, while, with reference to the future of the country, it simply encouraged the most wanton waste and destruction of one of the most valuable resources which Canada possessed. On the other hand, much of the lavish expenditure of the British Government in Canada was not of a capitalistic nature, and did little or nothing to develop the country. Only part of what was spent on roads and canals was of a productive character.

We turn now to the effects of the Corn Laws and the development of the preferential treatment of colonial grain. When the peace of 1815 had ended the long struggle in Europe and America, it was found that the

continent of Europe, in its process of recovery from its exhausted condition, naturally devoted its first energies to agriculture, and sent the produce of its fields to Britain in exchange for manufactured goods. But though the British manufacturers were quite willing to furnish the goods, the British landlords and farmers were not willing that European grain should be received in exchange, since it tended to lower the high price of food, upon which they had prospered. The agricultural interests, being at that time dominant in Parliament, secured the passage of a Corn Law extravagantly severe as compared with anything of the kind which had ever been attempted in Britain. This was the celebrated Corn Law of 1815, under which foreign corn, or meal ground from it, was not permitted to be taken out of bond for home consumption until the average price, per quarter, rose to the following heights: for wheat, 80s. (equivalent to $2.50 per bushel); rye, pease and beans, 53s.; barley, 40s.; oats, 26s. Above these famine prices, foreign grain might be admitted free.

Preferences on Colonial Wheat

But it is in this act also that we have the foundation of the subsequent British preferences on colonial food products, though, as far as grain was concerned, they applied only to the colonies of British North America, now included in the Dominion of Canada. The act provided that grain or meal, the growth, produce or manufacture of any British colony or plantation in North America, might be imported for home consumption when the average prices were at or above the following rates per quarter: wheat, 67s. (almost $2.10 per bushel); rye, etc., 44s.; barley, 33s.; oats, 22s. On wheat this allowed a margin of preference of 13s. per quarter, or nearly 40c. per bush. As grain and provisions were admitted free into Canada from the interior parts of the United States, those portions of the bordering States having an easy communication

with Canada were able to share in this preference, not by having their grain sent to Britain, but by having it used as a substitute for the Canadian grain which was sent. But as it was always very uncertain when the price might rise to the point of admitting Canadian grain, the preference was a very speculative boon, and there is no evidence of its affecting beneficially the immigration to Canada.

Immigration at that period was promoted by the direct intervention of the British Government in settling disbanded soldiers in various districts of the colony, much to the misery of many of the veterans, who, after years of military life under the control of their officers, were often quite unfitted to meet the conditions of self-reliant pioneering in the wilds of Canada. Other immigrants came out under the direction of special societies in Britain, in some cases with government assistance and in others without it, the latter usually succeeding best.

The distress in Britain, which followed the imposition of the famine-price Corn Law, led to strong attacks upon the system and numerous efforts to circumvent it. Several propositions were put forward with a view to relieving the prevailing distress without rousing too strongly the all-powerful agrarian interests. In a short treatise on "The Import of Colonial Corn," written by H. T. Colebrooke, and published in 1818, we have apparently the first suggestion of the proposition afterwards carried out by Mr. Huskisson. It was to the effect that, instead of prohibiting colonial grain until the price rose to a certain height and then admitting it free, colonial grain and flour should be admitted at any time, either at a moderate minimum duty, or on a reasonable sliding scale of duties. In support of this policy he urges that it is well to encourage emigration to the colonies and to promote in them the production of food and raw materials for the use of the Mother Country, and by this means to encourage an

increasing market for British manufactured goods. It is significant, however, that such advocates of the colonial preferential trade as Mr. Colebrooke, were setting it forth as an important step towards free trade, both within the Empire and between it and the rest of the world, whereas it is now being proposed as an important step towards an extension of protection. Thus the old and the new advocates meet at the same cross-roads, but travelling in opposite directions. It is worth noting that the preferences on colonial timber came as part of the old British policy of protection, whereas the preferences on grain were all concessions to the coming British policy of free trade.

However, in 1818, the supporters of extreme protection and of the rigid enforcement of the Navigation Laws and the old Colonial System were still altogether in the ascendency. Hence no further relaxation of the Corn Law was permitted, even in favour of the colonies. On the contrary, there arose trouble with the United States once more over a more rigid enforcement of the Navigation Laws, in the matter of carrying produce from the United States to the West Indies. Though, under certain conditions, provisions might pass from the United States to the West Indies, American vessels were not permitted to carry them. This dispute led, in 1818, to the suspension of traffic between the United States and the West Indies, much to the injury of the latter, but with a certain benefit to the shipping interests of New Brunswick and Nova Scotia, and, to a certain extent, of Canada as well. This abnormal situation was relieved in 1823 when trade between the United States and the British American colonies was permitted in ships of either country, though the trade must be a direct one and confined to certain specified articles.

In the meantime the Canada Trade Act of 1822 had been passed, which for the first time imposed duties on

produce passing into Canada from the United States. The rates imposed were: on wheat flour, 5s. per bbl., on rye, pea, or bean meal, 2s. 6d. per bbl. Wheat was left free, but rye, pease and beans were taxed 7d. per bushel. Horses, cattle, and live stock generally, were taxed ten per cent. There were also various duties imposed upon lumber and staves. The result of these impositions, together with the resumption of direct trade between the United States and the West Indies, though subject to an import tariff, was to greatly reduce the St. Lawrence trade in American produce. This led to much vigorous protest on the part of the Canadian grain and produce merchants and shippers. On the other hand, the tax upon American products coming into Canada did not in any way benefit the Canadian farmer. There was therefore a general discontent over this preferential measure.

Huskisson's New Colonial Policy

This encouraged Mr. Huskisson in his new move in the direction of greater freedom of trade and the modification of the Navigation Laws. Mr. Huskisson, in fact, had resumed once more the line of policy which had been begun by Chatham and carried forward by his son, the great Pitt, but interrupted by the prolonged struggle in Europe.

Huskisson's comprehensive policy of 1825 comprised three important features. First, a change in the Colonial System; second, the adoption of a system of freer trade in materials employed in British industry; third, a revision and relaxation of the Navigation Laws.

In the case of the old Colonial System, as pointed out by Huskisson, the ideal aimed at was imperial unity and the confining of the trade of the colonies to the Mother Country. But he maintains that this means the sacrifice of the interests of both the colonies and the Mother Country. The former English colonies in America, now the United States, have immensely prospered under com-

mercial freedom, and British trade with them has greatly increased also. Of late the Spanish and Portuguese colonies in South America have achieved their freedom. It would therefore be impossible to keep the English colonies as closely tied up as before. If they are given greater freedom of trade they will prosper in proportion, and that will be to the benefit of Great Britain also. By the act of 1823, in addition to a greater freedom of trade with the United States by sea, the colonies were permitted to send certain of their products directly to the other countries of Europe, and to receive directly from these European countries certain specified goods of their own production. However, in the case of all countries except the United States, the shipping in which this trade is conducted must be British. This restriction he would now abolish and leave only the trade between Britain and her colonies, and between one colony and another, to be wholly conducted in British ships. He also proposes to extend to certain ports in the colonies the bonding and warehousing system, in order that the colonies may trade with the other islands and countries in America as advantageously as the United States now does. He will seek to give the West Indies also a wider scope.

Reduced Duty on Canadian Wheat

With reference to Canada he had a special proposition to make, namely, to admit the grain of that country at all times to the British market on payment of a fixed duty of 5s. per quarter. This proposal was carried out in the special act of 1825. The result of this measure was to introduce a very decided preference on Canadian grain in Britain. Much rejoicing was indulged in throughout Canada and great expectations were entertained as to the immediate expansion of the country, through the influx of immigrants, the extensive settlements of new lands, and so forth.

Now what would have been the effect of this preference

alone it is impossible at this time to say. We have, indeed, a few years later, the opinions of those who were most interested in it and had most experience of its workings, and these are to the effect that it was and had been a failure. But the fact is that several other striking advantages to Canada wholly or partially coincided with the introduction of this preference. In the first place, the very great freedom of colonial trade which was secured by Huskisson's general policy, gave a stimulus to Canadian trade and assisted in introducing a new era of prosperity. Again, the Canada Company had just been formed to take over great tracts of new lands in western Canada, and they set themselves actively and intelligently to work to promote immigration for their own special advantage. The immigrants they introduced were for the most part a very excellent class. Altogether, the operations of the company's first and best period furnish a close parallel to those of the American syndicates who have introduced such a large number of the very best settlers into our North-West. Further, at this time the British Government undertook some very extensive public works in Canada, chief of which was the Rideau Canal, involving the expenditure of large amounts of British capital in the country, thereby greatly stimulating employment for labour and encouraging all kinds of trade. Then, too, from 1826 to 1831, there arose another difficulty between England and the United States over port dues in the trade with the West Indies, resulting once more in the complete suspension of direct trade between American and West Indian ports. Once again, therefore, the West Indies were forced to get their produce partly from British North America, and partly from the United States, round by the Canadian route. Needless to say this was a very serious handicap on West Indian trade and aided much in its destruction. Incidentally, however, it had the effect of

causing the British Government to abolish the duties on the import of American produce to Canada which passed out through the St. Lawrence route. This, then, added for a time an extra stimulus to the trade and shipping, not only of Canada, but of the ports of the Maritime Provinces as well.

Under this remarkable combination of favourable circumstances, Canada enjoyed a very prosperous period from 1827 to 1832. But in 1831 normal trade relations between the United States and the West Indies were resumed, and one artificial stimulus was taken away. By this time also most of the public works undertaken by the British Government were completed and another fountain of wealth ceased to flow. Moreover, the rapid development of the trade of the Erie Canal, which had been stimulated by the refusal on the part of Britain to permit the Americans to navigate the St. Lawrence, drew off the greater part of the American western trade from Canadian channels. Incidentally this shows how other adjustments quite obliterated the influence of even so enormous a nominal preference as was granted to Canadian grain in Britain, with the free use of American grain in Canada as a substitute.

Relations with United States

Another important consideration is to be sought a little further back. The British Corn Law had immensely stimulated the development of manufacturing industry in the United States, and was the chief factor in converting that country from its strong free trade policy, which it had inherited from its colonial days, to an equally strong protectionist one. Yet, even under free trade the Americans had steadily developed vigorous manufactories, and must have continued to do so in a greater degree whatever might be their fiscal policy. However, the Corn Law imposed by the country from which the United States bought the greater part of its manufactured goods, virtually forced

the Americans to adopt the policy of establishing the factory alongside the farm, much more rapidly and extensively than would otherwise have been the case. The situation, of course, furnished an irresistible plea for protection to native industry quite beyond its real needs. Had Britain granted freedom of trade with the United States and permitted the continued exchange of manufactured goods for food and raw materials, though she could not have checked the steady and normal development of American manufacturing industry, yet she would undoubtedly have prevented its abnormal expansion. This expansion represented a tax laid upon the people of the United States, but, owing to the great gifts of nature which they inherited, no nation was ever better able to bear such a tax, and, as already stated, when they entered upon that policy they had no alternative.

But, if Britain forced the American development out of one line, she was still able to take advantage of it in another. If she could not export so many goods, she could at least export men and capital, and ultimately their prosperity made a large market for many British goods, in spite of protectionist tariffs. In the Southern States, whence Britain freely took cotton in return for goods, even in the face of the tariff, we see the opposite of these conditions, and, till recently, the free trade tendencies of the Southern States have been fully recognized. In the end, probably both Britain and the United States have prospered quite as much, if not more, in virtue of the actual line of American development, as would have been the case in virtue of any other. Certainly no country's development has been less disturbed by tariffs than that of the United States. There a high protective tariff is chiefly a matter of domestic concern. It causes an unequal division of the joint product of the people, but does not lessen its aggregate amount, and even those most unfairly

treated have still plenty to live on. In this unequal division, too, British capital invested in the United States is usually on the side which obtains the lion's share. For many years past Britain has been bringing home from the United States a large national income, for which, of course, she does not require to make any corresponding return in exports, and which has also furnished her with the means for making many new investments in other parts of the world.

However, at the time with which we are dealing, great as was the stimulus given to Canadian development, most of which unfortunately was temporary and external, the expansion of agriculture, trade, industry, and immigration in the States of the middle west was much more remarkable. It continued also throughout most of the thirties, with such vigour, that it attracted much the greater part of the new British immigration to America, which often merely used the Canadian route as a highway to the west. As the political troubles of Canada, aggravated by the reaction from the late prosperity, continued to increase during this period, an extensive exodus of Canadian settlers took place, these carrying with them, as was complained at the time, much of the wealth of the country, and greatly crippling the banks. Under the various influences combined, the United States expansion became a veritable boom, which inevitably ended in the financial crisis of 1837. But once that was over progress was resumed once more.

Value of the Preference on Wheat

Now during all this period it was freely admitted that the high nominal preference on Canadian grain in the British markets had little to do with the prosperity of the period from 1827 to 1832, and certainly did not mitigate the distress which marked the period from 1832 to 1841. The general disappointment over the results of the preference found several expressions in official form. Thus in

1840, when the imperial trade situation was once more under review, the House of Assembly of Upper Canada sent a petition to the Queen reviewing the agricultural situation. It pointed out that the United States markets for grain were often better than those of Canada. But as they were protected by a tariff the Canadians could not take full advantage of them, (as a matter of fact much Canadian grain was sent to the United States). Again, when there is a demand for Canadian wheat in Britain, American wheat comes in to supply the local market, and thus prevents the Canadian agriculturist from having an additional advantage from his own market With reference to the value of the existing preference to Canada they state: "Your Majesty's faithful Commons are aware that the products of these colonies are admitted into the ports of the Mother Country at a duty of 5s. per quarter, when wheat is below an average of 67s. per quarter; but from the expenses of transportation from the interior to the sea, and thence to the United Kingdom, experience proves they derive very little advantage from this protection."

They also maintained that they did not derive much advantage from the preference established for them in the West Indies, because the distances were too great. They therefore look to the Mother Country to grant them still further favours, to offset the disadvantages in agriculture under which they labour, and which, they claim, are sending immigrants to the States instead of to Canada. First, they want home protection for their agricultural produce to the same extent as in the United States, no duties, however, to be levied on such American grain as comes to Canada to be re-exported to foreign countries. Secondly, they ask that a still greater preference on Canadian grain be given in the British market, by taking off the duty of 5s. per quarter at present retained. They

make the usual plea of all good colonials that they consume considerable quantities of British manufactured goods and are anxious to consume still more, also that they are subject to the remaining restrictions of the Navigation Laws.

An act was passed in the legislature of Upper Canada in 1840, to impose a duty on American grain coming into Canada, but it was reserved by the governor.

Further Preference Desired

Lord Sydenham, in a despatch to Lord John Russell in 1841, deals with the growing agitation among the agricultural class in Upper Canada for the protection of their local markets and the abolition of the remaining British duty on Canadian grain and flour. He refers to the conflict of interests in Canada between the millers and the farmers, and points out that the effect of a duty on American grain would be to prevent the Canadian millers from grinding it into flour for local consumption, which permits the Canadian grain to be sent to Britain. However, all parties would be much gratified if the remaining duty on Canadian grain in Britain could be removed.

A new and very extensive form of preference on Canadian milling and shipping interests was urged upon the Home Government in a petition sent, in 1841, from one hundred and seventy-six merchants of Montreal. In this they evidently hoped to take advantage of the free trade movement which was steadily gaining ground in Britain. We hear of these merchants and millers again, for they afterwards made a terrible uproar in Montreal, protesting by all the gods that they were not aware what direction the free trade van was taking when they boarded it. However, they are simply hailing the van at present. They first propose that the present duties on Canadian produce entering the British market shall be repealed, then duties might be levied upon similar produce coming into Canada from the United States. When thus imported and the duties

paid, the produce should be accepted as Canadian, when shipped to the British market. The articles on which they desired this new form of preference were wheat, rye, Indian corn, barley, oats, pease, beans, and other grain, and the meal thereof, also beef, pork, butter, and lard.

Some relief had just been granted to the long-suffering West Indies by permitting them to obtain their provisions on a lower tariff. But as this lessened the preference which Canada and the Maritime Provinces enjoyed at their expense, it was met by a storm of opposition from these quarters, and especially from the shipping ports in the Lower Provinces. It was also claimed by the Montreal merchants as a special injury to them, which might be atoned for, however, by the adoption of the proposed scheme of new preferences.

Lord Stanley, the new colonial secretary in Peel's administration, in a despatch to Sir Charles Bagot, the new Canadian governor, in March, 1842, states that there was to be some advance in the Canadian preference by appointing a lower average price, (58s. instead of 67s. per quarter) as the basis for admitting Canadian wheat at nominal rates of duty. Canadian wheat was also to be admitted into Ireland for the first time. The petition of the Montreal merchants and others is shunted with the statement, that the Home Government did not consider it wise to levy a duty on American wheat coming into Canada, and yet they could not admit all wheat from Canada free, because that would include American wheat also. The Canadian politicians, seizing upon this point, determined to leave the Home Government no excuse in the matter. A bill was therefore passed by the Canadian legislature, in 1842, which in its long preamble gives to Lord Stanley's despatch the interpretation, that it "affords the strongest ground for the confident belief and expectation that, upon the impo ition of a duty upon foreign

wheat imported into this Province, Her Majesty will be graciously pleased to recommend to Parliament the removal or reduction of the duties on wheat and flour imported into the said United Kingdom from Canada." The duty appointed in the Canadian bill was three shillings per quarter on wheat from the United States.

This bill the governor naturally reserved till the policy of the Home Government should be made known. However, the Quebec Board of Trade, growing nervous as to the possibility of Canadian millers and shippers even temporarily falling between the stools, sent a petition to the Home Government, praying that the royal assent might not be given to the Canadian act, until the free importation of wheat from Canada was authorized.

In a speech on colonial relations, Sir Robert Peel had stated that henceforth the colonies were to be treated as an integral part of the British Empire. A committee of the Canadian legislature seizing upon this, made it the foundation of a series of resolutions to be embodied in an address to the Crown. The resolutions show that at that time the Canadian ideal was free trade within the Empire and taxation against the world, except where the world consented to come through Canada.

In substance, these are the resolutions:

1. They are glad to know that Canada is to be treated as an integral part of the Empire.

2. This object can be attained by removing all duties on the products of Canada going into the Mother Country, and the legislature of Canada will take the earliest opportunity, when the state of the Provincial finances will permit, to remove all duties on the manufactures of the Mother Country.

3. They are confident that the revenue from the tolls on the canals when completed, and on foreign commerce, will enable them to do this in a few years.

4. That to secure the transportation of western American produce through the canals, it is necessary to allow a drawback, (of the 3s. duty to be imposed,) on all grain and flour shipped to Britain by the St. Lawrence route whenever the price of flour at Montreal or Quebec exceeds 30s. per bbl.

But, alas, neither the canal tolls, nor the duties on foreign goods, both expected to come out of the Americans, showed any tendency to rise to the happy fulness here indicated, even after the Canadians obtained practically all they had asked for.

As bearing on this series of resolutions and the effort for a larger preference, there is a very interesting memorial which was addressed both to Lord Stanley, and to the Canadian legislature. It emanated from the North American Committee of the Colonial Society. This Colonial Society was the United Empire League of those days, and was as distressed over the impending dissolution of the Empire two generations ago, as its modern representative is to-day, or its predecessor two generations before that. The Committee finds that the greater part of the British emigration to America, and that part, too, which has the most capital and enterprise, steadily goes to the United States. They cannot understand this very well, but think it must be due to the Empire not being sufficiently bound together. They hope, therefore, that the British Government will take Canada more completely under its protection, give it more preferences, and thereby induce more emigrants to go and settle in it. Then, taking another tack, they solemnly warn the Home Government that, unless the American colonies get these preferences on their agricultural produce, and are thereby induced to confine themselves to such lines, they will surely establish manufacturing industries of their own, and levy duties upon British goods. This will be as disastrous to British interests

as the similar practices in the Eastern States. Possibly, in his browsings in the colonial office archives, Mr. Chamberlain has been nourishing his mind on documents such as these, before producing his new plan of imperial unity.

Final Preference in 1843

In 1843 Lord Stanley introduced the Canada Corn Bill which, so far as wheat was concerned, was substantially the measure so strongly urged upon the Home Government. It was the more easily granted since the majority of the British members of parliament were rapidly gravitating towards free trade. Undoubtedly without the free trade movement, Canada could never have obtained such a heavy preference on her own grain and that of a neighbouring country. It was inevitable, therefore, that the forces which brought this advantage must, in their logical development, soon take it away again.

Though Lord Stanley's hand had been forced by the Canadian legislature, yet in his speech on the measure he found it convenient to represent the bill as the fulfilment of a pledge, contingent upon Canada's complying with certain conditions. Lord Stanley's speech did not correctly represent the previous preferential system on several minor points, but the main fact was made clear, that, by virtue of this new act, Canadian wheat and flour were to be admitted into Britain on payment of a nominal duty of one shilling a quarter. Flour ground from American wheat was to be admitted at the same rate, being counted produce of Canada, while the wheat from which it was ground, when imported to Canada from the United States, would pay a duty of three shillings a quarter. Considering that American grain or flour, sent directly to Britain, would be subject to the Corn Laws, the preference on American wheat ground into flour in passing through Canada was estimated at six shillings per quarter, or nearly twenty cents a bushel. Though this furnished the

last and highest of a series of preferences on Canadian grown wheat, yet it had astonishingly little effect upon Canadian agriculture, and certainly did not stimulate immigration. It did, however, give a very decided stimulus to the Canadian flour and grain trade. Large mills were erected in the neighbourhood of Montreal for the purpose of milling American grain in transit. Owing to favourable harvest conditions they did a particularly large business during the years 1846 and 1847. Though the abolition of the Corn Laws, in 1846, was not to take full effect in Canada until 1849, yet the general financial crisis of 1848 came just in time to aggravate the distress of the Montreal millers and shippers. The abolition of the Corn Laws resulted in little or no change for the Canadian farmers, as regards their wheat. They gained considerably, however, in having many of their other agricultural products admitted to the British market, in virtue of the general reduction of duties in 1846. The disturbances in Montreal and the collapse at Quebec were therefore of almost purely local interest.

Free Trade and loss of Preferences

That the Montreal people, notwithstanding the eagerness with which they contributed to their own predicament, should have felt and talked bitterly against the Home Government, was natural enough. Moreover, it had been customary, for twenty years at least, for every faction in Canada when it failed to get what it wanted from the Home Government, and more particularly when it failed to retain what it had previously secured at the expense of some other interest, to threaten the Government with secession and annexation to the United States. In time this gave rise to the well-founded belief in Britain, that the inevitable fate of the North American colonies was to break off from Britain, and, possibly, join the United States. Thus to take a few instances:—The people of the Maritime Provinces talked ruin and annexation, when they were

not allowed to retain, as permanent, their temporary hold upon the trade of the West Indies. The Reformers of Upper Canada talked both independence and annexation, when denied free institutions and responsible government. The Family Compact talked annexation, when they were threatened with the loss of their power through the introduction of responsible government. And the millers and shippers of Montreal talked annexation, when they were deprived of a temporary preference of abnormal proportions, which was made possible by the uneven working out of the free trade movement in Britain. Yet the sequel proved that, when the abnormal attempts to maintain the unity and self-dependence of the Empire, by mutual preferential treatment and other forms of coddling, were abandoned, the true tie which held Britain and her colonies together was revealed, and, being no longer subject to unnatural straining, was greatly strengthened.

Results of Colonial System

We may now sum up a few of the outstanding truths of British colonial development, so far as they affect the subject in hand. The most successful of all the British colonies, alike in their own interest and in that of the Mother Country, and both in their planting and in their development, were those which exhibited the spirit of enterprising independence and self-realization in the greatest degree. Yet, in doing so, they naturally seemed, to the honest but narrow visioned advocates of a closely bound and self-dependent Empire, as violating the fundamental principles of imperial unity. Also, that the elaborate and well meant system of subsidies and preferences, though much desired, received with gladness, and cherished with great expectations, invariably resulted in disappointment, followed by clamours for still greater favours. Thus, as Sir William Molesworth pointed out in his great speech on the colonies, in 1848, Britain had gradually worked into a system of subsidizing colonies all

round the world, until she was paying them ten shillings on the pound of her exports to them, for the privilege of selling them goods, and even then they were very far from being satisfied. Again, we observe that the policy which Britain so steadily had in mind, of endeavouring to organise the Empire on Mr. Chamberlain's ideal of the preferential non-competition of the parts, completely failed. Yet the policy of the Mother Country in giving preferences on colonial food, timber, and other raw materials, while claiming a preferred right to supply the colonies with manufactured goods in return, seemed highly reasonable at a stage of colonial development unsuited to the production of anything else. Thus the uniform failure of this policy brings us round to the first point again, and emphasizes the fundamental mistake of the old Colonial System. By constantly inducing the colonies to look to the Mother Country for their economic lead and assistance, and thus making them dependent upon her for their welfare, the colonies were, unconsciously no doubt, but still inevitably, prevented from developing any real economic independence and self-reliance. Their look was always an outward, waiting look, not an inward, resourceful one. The colonial politicians looked to the Mother Country as the source of their power and the justification of their rule. They owed their authority and acknowledged their responsibility, not to the people of the colony in which they lived, and whose chief offices they held, but to the far away authorities of the Mother Country.

The few wealthy men conducting the chief businesses in the principal colonial towns were inclined, though not always explicitly, to regard themselves as in the colony rather than of it. Though faithfully doing their duty by the colony while in it, yet they expected some day to retire with most of what they had made and live a fuller life at the centre of the Empire. Only the common people,

labouring in the fields, toiling in the woods, or discharging the more varied functions of the towns, looked upon the colony as of necessity their home. But even they too had acquired the outward glance. They looked eagerly across the Atlantic for all economic direction, encouragement, and bounty. Even after they had been stirred up to achieve political self-management they still looked to Britain for economic support and guidance.

To the south of them they saw others of their own race and birth exhibiting no end of enterprise, turning everything to account, overcoming obstacles with ingenuity and perseverance, using crude devices at first and more refined and ingenious inventions as experience, means, and opportunity provided. The contrast has been noted by every traveller who has left his impressions, and by many Canadians also to whom it was a standing puzzle. But it was simply the difference between a people whose "America is here or nowhere," and a people who looked beyond the seas for those preferences and bounties, so easily to be supplied by the rich motherland.

Now the Canadians were by no means incapable of activity, enterprise, and invention. All that they required was that the spell of imperial economic dependence should be broken, and that emancipation was secured for them by the free traders. Canada had achieved political self-government, the Mother Country gave her economic self-government. In this latter emancipation, it was not merely that the colonies were deprived of their preferences and bounties. They were released from the corresponding trammels imposed upon their freedom of trade in the interest of the Mother Country. They were relieved of the restrictions of the Colonial System and the Navigation Acts. They were free to trade where they liked, with whom they liked, and in whatever ships they liked. Even when, later, Canada and some of the other colonies, con-

trary to the free trade principles of the Mother Country, imposed increasing tariffs on her goods, though she remonstrated yet she consented to permit the colonies to work out their own fiscal salvation. Only the treaty making power remained unquestioned in Britain's hands until quite recently.

Results of Colonial Emancipation

When the colonies which now compose Canada had recovered from their astonishment, and even dismay, they self-reliantly set to work, and with such growing zest as to surprise even themselves. The situation was admirably summed up by the Honourable (later Sir) A. T. Galt. Writing in 1859, when he was Minister of Finance, and ten years after the consternation of 1849, he said: "Under such distressing circumstances, the only hope lay in the fact that the people had at last the management of their own affairs; and with a country abounding in natural resources, a vigorous and self-reliant effort would yet overcome all obstacles, and restore, upon a more healthy basis, that prosperity which had hitherto been sought through favours granted by Great Britain to her colonies, at the expense of her own people. Canada accepted the policy of England as necessary for the welfare of the Empire; she ceased all applications for aid to be granted to the detriment of others; and she has applied herself to the task of developing her institutions and her resources with a vigour, determination and success, that have rarely, if ever, been witnessed in any other country."

The change was, indeed, most remarkable, and can be fully appreciated only by those who have dipped into the details of the period. As put by another wide awake Canadian of that time, Mr. Thomas C. Keefer, the people aroused themselves from their "ancient lethargy" and began to discover themselves and their country. Here it is impossible to even enumerate the great schemes for the development and expansion of the country which, within

a few years, were afloat all over western Canada. Railroads were planned in every direction, and begun in many, notably in the case of the Grand Trunk and Great Western systems. The large canal system, the outcome of the union of the provinces, was just completed, and further extensions were planned. British capital was being introduced in large amounts. Industries were to be established in every town. Immigrants arrived in great numbers, and land values rose to unheard of heights. Every farmer bought more land, and in a few years the ideas of the people had quite outgrown the limits of the old province of Canada. Relieved from their fixed gaze across the Atlantic, they turned their eyes westward for the first time, and beheld the great plains of the Hudson Bay territories. Scouts were sent in hot haste to spy out the land, and such glowing reports were received that a cry went up from the whole people, demanding that the great west be added to Canada. Before the sleepy old Hudson's Bay Company could quite realize what was afoot, the Canadian legislature was discussing bills for chartering railroad companies, lavishly endowed with lands over which the Canadian Government had as yet no jurisdiction, to connect Lake Superior with the Pacific Ocean. Steamboat companies were to be chartered to navigate the Manitoba lakes and the Saskatchewan. A telegraph company was heading for Alaska to connect with Europe by way of Russia, Japan, China, and India. Of course the east was not neglected either, for the Intercolonial Railway was one of the earliest projects, and the long dreamed of confederation of the British North American colonies was now regarded as simply a matter of details.

Such are merely sample phases of the remarkable transformation wrought in the Canadian people, hypnotized for over half a century by the practical operation of

an imperial preferential trade system, undertaken in the best of faith and with the most benevolent intentions, but working, as it has in every colonial Empire in the past or present, the subtle and unconscious destruction of independent and self-reliant enterprise.

The exuberant outburst of energy, which followed the political and economic emancipation of the colonies, led to extravagant, and even flatly impossible attempts to immediately realize all the potentialities which had suddenly opened up before them. The Canadians fully participated, therefore, in the world crisis of 1857, after which, sobered though persevering, they held their breath while the American Civil War raged. They began also to realize some of the difficulties of carrying on responsible government with a democracy made up of two very evenly balanced races of different temperaments and ideals. The solving of the problems of confederation absorbed much of the national energy, and in the meantime limited the possibilities of many economic enterprises. Only after the firm establishment of a single Canadian nationality could there be a free and uninterrupted course for detailed commercial and industrial development.

Reciprocity with United States

In the meantime the Mother Country, after it gave Canada its economic freedom, managed to secure for her access to the United States markets on reciprocal terms. Considering the economic stage at which Canada had arrived, this proved a very favourable arrangement. It escaped the distinctively paralyzing effects of the imperial economic dependence, inasmuch as no vague, unbusinesslike economic benefits were expected, on purely sentimental grounds. It was frankly understood as simply a bargain between friendly, though independent neighbours, dealing on business terms. Still it developed quite a special economic dependence of Canada upon the United States. The American market was for Canada so large as

to take off all her surplus produce in several lines, and the most of it in others. Thus for the time the American market largely moulded Canadian expansion. There was, however, no corresponding dependence of the United States upon Canada, because the Canadian was for them a small market. Although, therefore, the reciprocity system might have been fair enough for both countries, yet the American interest in it could not withstand the combined financial and protectionist movement towards a high tariff which followed the close of the Civil War. While, then, Canada suffered severely from the abrogation of the Reciprocity Treaty, the United States suffered only slightly and locally. But even in this free and business-like arrangement, it was found, when all was over, that Canada had lost some of her newly acquired independence and self-reliance. Had the Reciprocity Treaty been maintained down to the present, it is very probable that Canada, while expanding in agricultural and extractive industries, would not have shown much tendency to rise to a higher level, and would certainly have sent over to the large commercial centres of the United States a larger stream of her best youth than has actually gone.

It is quite evident, as a general fact, that Canada through her experience of reciprocal trade with the United States had once more centred her affections too completely on mere external aids to prosperity. Her very eagerness to restore reciprocal trade, caused the Americans to suspect that the greater advantage of any such arrangement must be on the side of Canada, hence the impossible concessions asked as the price of it.

The National Policy

This unfortunate tendency to look beyond ourselves and our country for the basis of our prosperity, never showed itself more distinctly, in later times, than in our great protectionist experiment known as the National Policy. As already stated, protection has never seriously impeded

the progress of the United States, because it had acquired the spirit of a persistent, enterprising, and resourceful development of its own natural capacities, long before it attempted protection, and it has maintained that spirit throughout its protectionist career. Thus, though many individual industries may have tended to stagnate behind the tariff wall, yet they could not survive long amid the sharp competition maintained in mechanical inventions, improved machinery, better business organization, and more effective location. Again, we find, in the newer parts of the country, the steady rise of unprotected infant industries, which not only successfully make a place for themselves but even force their older competitors to rapidly improve their methods, or go to the wall. Despite protection, therefore, American industries have not only kept in the closest touch with the natural resources of their own country, but have led the world in mechanical invention and industrial organization in their distinctive lines. In Canada, however, the same degree of home centred, self-reliant enterprise did not precede the specific adoption of a protectionist system. As a result, the industries which the National Policy brought into existence were simply foreign importations mechanically reproduced. In the majority of cases the motive power, the machinery, and the raw materials were all alike imported. Such industries diligently exploited the tariff, but left the natural resources of the country pretty much where they were. Naturally the whole movement was very disappointing, and, instead of diminishing, rather increased the tendency to look abroad for assistance.

Yet, during this period, we talked incessantly of our great natural resources. Indeed, we may be said to have established, in connection with them, a regular cult, with a certain definiteness of ritual. Of this cult Sir Charles Tupper was undoubtedly the great high priest, and

gathered about him quite a number of very proficient disciples after the letter. From many altars, in clouds of words, incense rose continually before our great natural resources. Few Canadians, however, thought of laying sacrilegious hands on these objects of veneration. Still, we were quite willing that others should do so. Indeed we industriously proclaimed the unparalleled opportunities for acquiring riches which these resources presented. But the world remained most provokingly calm and incredulous. We stretched our hands alternately to the Mother Country and to the United States. We had fits of imperial federation with Britain, and of commercial union with the United States, glanced timorously at independent realization, but had not the courage to try it. We discussed our destiny at great length, and looked to others to achieve it, raising the Macedonian cry for immigrants and capital. We even bought job lots of immigrants at from ten to twenty dollars a head, but they did not realize us to any great extent. Indeed, they often declined to remain with us, which was, perhaps, among the least of our misfortunes. If only Mr. Chamberlain could have come to us in those days, with his gospel of rural contentment for the colonies, we might have become another New Zealand, chuckling in country newspapers of how our exiled Canadian intelligence was coming to the front in the neighbouring Republic.

New Industrial Enterprise

But no Chamberlain arose, and, in the quiet neglect of the outside world, attention was drawn to the few Canadians who were slowly making a success of native industries. Others took heart and joined them, taking hold of raw materials tumbling out at their very feet, and discovering that, for the man of insight, they contained mints of money. A new and better spirit spread over the country, until we have at last evolved a considerable body of really live and enterprising Canadian manufacturers

and financiers, who have an enlightened faith in the country, earnestly searching for knowledge abroad, but applying it with intelligence and discrimination at home.

On tariff matters, it is true, even enterprising manufacturers have nearly as little scruple in hoodwinking the public, as their fellow-tradesmen of the National Policy stamp, who live by the tariff alone. With an exterior of exemplary seriousness they will unburden themselves of such hardships as this. In manufacturing article A, where they use articles B and C as necessary raw materials, they have regularly to pay the normal price for these, plus the duty, while they have to sell their own article in competition with foreigners who pay the duty, and slaughter as well. With equal solemnity manufacturers of B and C tell exactly similar stories.

However, where we have genuine wide-awake enterprise once fully enlisted in the industries of a country, the abnormal taxation of a high tariff is likely to be of comparatively short duration. In living industrial communities, free trade in capital has come to be of far more importance than free trade in goods. If industries are exacting abnormal rates behind the shelter of a tariff wall, capital will come in from without and establish similar industries on a newer and larger scale, furnishing the others with a type of competition at their own doors very much more severe than any operating from over the national borders. It is the protection of exotic industries in a stagnant country that offers the consumer no hope but in the exodus.

Already we have industries in Canada which are able to hold their own in world markets, as well as in home markets, and the protection of such industries will do as little harm, and about as little good, as the protection of agricultural products.

But once our own people had begun to show confidence

in their own country, the world also began to get interested in us. Settlers of a much better class than the Government agents could procure, began to come in of their own accord, and their reports brought others. American capitalists invested in our lands to very large amounts, going about the settlement and cultivation of them in a business-like way. Native and foreign capital alike, is rapidly picking up our most available raw materials and water powers, and beginning to make effective use of them. In view of these developments the anxiety about reciprocity is rapidly growing on the American side of the line. But we can afford to be quite calm on the subject. We have got beyond the stage at which we must have reciprocity at any price. Moreover, we can no longer afford to consider that form of reciprocity which will simply relieve us of raw materials and furnish us with manufactured goods. If we are foolish enough to go in for that, we might as well fall into the hands of Mr. Chamberlain.

Canada and New Imperial Preference

The trouble with both the American and the imperialist view of the Canadian future is, that it is to be of the saw log, pulp wood, and wheat growing type, with a great market for manufactured goods; and the only question is, who is to capture that market? That a manufacturing future is plainly not suited to our condition, is what Mr. Chamberlain insinuates in the most flattering terms. On grounds of sentiment, of imperial unity, and, finally, of self-interest, we should be willing to leave the manufacturing to the Mother Country. But, in the first place, sentiment or loyalty affords a very precarious basis on which to do business, or, as in this case, to refrain from doing business. In fact, no more effective method of corrupting, and ultimately discrediting all imperial sentiment could be devised, than to begin trafficking on it. What the imperial preferential advocates, on the two sides of the

Atlantic, are trying to do is to divide an expected mutual benefit in such a fashion, that each party shall receive about three-fourths of it, on the ground that the other must concede something extra for the sake of sentiment. A sample of the way in which each party manages to get the best of the bargain may be taken. In Canada we are encouraged to interpret the preference of six cents a bushel on wheat as meaning, that for every bushel of wheat we sell to Britain we shall get six cents more than formerly, or than we should have got without the preference. It is entirely on the strength of this that we are told our vacant lands will be settled. The people of Britain, however, are assured most earnestly that, notwithstanding the imposition of the proposed duty, the price of wheat will not be raised, since it can be shown very clearly that the foreigner pays the duty. In other words, while the price of wheat in Britain will remain practically what it was before the duty was imposed the foreigner will take less for his supply. But the British workman is further told, that the Canadian, in gratitude for not being taxed on his grain, and more particularly on account of his imperial enthusiasm, intends to open up his markets to British goods, devoting himself chiefly to growing wheat, and will thereby greatly increase work for the British artisan and augment his wage fund. Thus the foreigner will pay his taxes, and the colonial furnish him with wages, and his master with profits. As seen from the Canadian point of view, however, the only return which we are to make for the extra six cents a bushel on our wheat is, not to sacrifice our home market to Britain, but to so re-adjust our tariff that we shall divide between Britain and ourselves that portion of our trade which now goes to the foreigner, and the chief foreigner is, of course, the United States. But when we look at the details of our imports from the United States,

and see how the millions are chiefly made up of payments for coal, raw cotton, corn, wheat, raw tobacco, cattle, and other live stock, petroleum, twine, carriages, machinery, settlers' effects, fish, farm implements, India rubber, coin and bullion, etc., etc., the irony of the situation is very fine, and the imperial sentiment which infuses it all, is most suggestive of future unity and affection.

The Preference on Wheat and Immigration

As attention is chiefly drawn in Canada to the expected benefits from the preference on wheat, we may look into that a little more closely. A duty of two shillings a quarter, or six cents a bushel, on foreign wheat imported into the British market, is expected to cause such a stream of immigration to set in to Canada, that it will fill up our North-West lands, make Canada the granary of the Empire, and in a few years render Britain independent of the rest of the world for her food supply. Now, in the first place, this implies that without some such premium on immigration, Canadian territory will attract few settlers, or, competing on even terms with the rest of the world, it must remain uninhabited. Now, though this idea has been published abroad, and emphasized in all sorts of ways in the interest of Imperialism, yet none more false or injurious to the reputation of the country could have been circulated. Any one who knows the facts knows that our lands have been taken up with unusual avidity. Settlement is taking place at a remarkable rate, and the lands are rapidly rising in value. Yet all this has been going on for some years without any preference at all, and is certain to continue in as great a measure as is at all safe or wise, until a series of poor harvests may be encountered, such as may come to any country, and which may check the rate of settlement for a time. Before the recent series of good harvests had established the reputation of the country, our Immigration Department tried all manner of bribery, persuasion, and demonstration of phenomenal

returns from farming, compared with which a mere bonus of six cents a bushel would be of small moment, yet all in vain till the actual harvests were produced.

Again, those who know anything of the motives and forces which actuate the settlers now flocking into our West, know that it is not a question of a few cents a bushel that determines their incoming or location. The right kind of settler does not come to a country as potatoes go to market. He is a home-seeker to begin with, and he chooses his location for very complex reasons, of which climate, soil, transportation, social life, future prospects of the district, are important elements. Thus settlers flock into the Edmonton district, for instance, in preference to regions much further to the east, and much nearer to market, and take eight to twelve cents a bushel less for their produce than can be had in eastern districts, where plenty of land is still to be had, and is declared to be just as good. Similar facts, as we have seen, upset all calculations as to the effects expected from the preferences on Canadian grain in the older period.

Further, no one can possibly tell how a tax of two shillings a quarter put upon wheat in Britain will be distributed. The sources of the British food supply are too varied, and the conditions affecting them too complex to enable any one to say how far the variations in supply and in price may be due to the duty, and how far to other conditions, varying with seasons and countries. While, then, we may admit, in general terms, that the proportion in which the British consumer suffers will be the proportion, though not the quantity, in which Canada as a whole will benefit, yet there will be no telling just what that proportion is, nor how much of what comes to Canada will get as far as the pocket of the farmer. Thus, the effect of the duty being, at the distance of our North-West, hopelessly blended with the ordinary variations in prices, it

can have no real influence upon immigration to Canada, which must be determined along the usual lines in America for the past three-quarters of a century.

The Granary of the Empire

Again, the ideal of becoming the granary of the Empire is constantly held up to Canada, both here and in Britain, as the guiding star of our ambition, the achievement of our destiny. Concerning this picture of our future, one may have the patience to say that any Canadian who finds himself able to accept such an ideal must have a very curious conception of the real greatness of the British Empire, or what it means to have a self-respecting share in it. Doubtless, for all time, the world will cherish the glorious legacy of Athens; but what idea of Athenian greatness had those bucolic barbarians from the north who supplied the city with grain? Under suitable conditions rural life is quite consistent with the richest possibilities of civilization, as Britain herself proves. But the agricultural life, to be adequate, requires a varied industrial and commercial accompaniment, as a support for those elements of civilization which only towns and cities can supply, and in more or less intimate contact with which the best rural life must be developed. The agricultural life is followed by some of the highest and by some of the lowest types of humanity, and the actual sources of the British food supply well illustrate the social range of commercial agriculture. Outside of a few distributing centres, therefore, the people who make agriculture their national occupation must inevitably stagnate intellectually. Whatever spiritual capacities they may have will be lost to themselves and the world, for though they may vegetate they will neither blossom nor bear fruit.

Now, there is no virtue in belonging to the British Empire unless we have a share in its civilization, joining the Mother Country in its cosmopolitan intercourse with the

leading nations of the world. But Canada, as the granary of the Empire, precludes all this for the immense majority of her people. Situated as our country is, it means that, in the course of time, most of the enterprising spirits born into the country will leave it, seeking the larger and fuller life elsewhere. Indeed, do we not know places in Canada to-day, where, in virtue of two or three generations of culling out through the exodus, such a condition has been produced, that not even the trumpet of the angel Gabriel could rouse the remaining population from its bucolic slumber?

But what is to be gained by making Canada the granary of the Empire? To this the usual answer is, that Britain may be insured a complete food supply from within her own Empire, and thus avoid all danger from starvation in time of war. But, if Britain is not at war in America, she will not be in any danger of starvation, under present conditions; and if she should be at war with the United States, it is obvious that her dependence upon Canada for her food supplies would be the most unfortunate situation conceivable. For, conceding to our warriors that Canada would have no difficulty in disposing of any possible American invasion of a general nature, yet it would not be difficult for a concentrated force from the United States, choosing its own point of attack over hundreds of miles, to seize and hold one or two positions on the line of communication between west and east, and thus permanently interrupt all transfers of grain from the interior to the sea. Obviously, the wisest policy for Britain, in view of possible wars, must be to maintain as large and varied a source of food supplies as possible. Equally wise is her present effort to enlarge her source of supply for cotton, or other important raw materials.

One need only suggest, also, what difficulties Britain would encounter, if she came to depend almost entirely

upon Canada for bread, when, for any reason, there might be such a shortage of the wheat crop in the North-West as to leave Canada little more than enough for her own needs. Various other difficulties stand in the way of Canada being the granary of the Empire; but the supreme objection must ever be that Canada cannot accept for herself any such blighted destiny. The self-interest of our eastern manufacturers is likely to save us in part, but it is also inclined to encourage such a fate for the greater West. It is with great regret, from the national point of view, that one observes the narrow and shortsighted conception of the West entertained by a considerable section of the eastern manufacturers. They evidently regard it as a vast region to be filled with agriculturists growing grain and meat for the British market, and to be enclosed with a sufficiently high tariff-wall to make it a close preserve for their goods. This is merely an attempt to do for the west of Canada what Mr. Chamberlain proposes to do for the whole of it. Fortunately for our national future, those manufacturers who cannot recognize the folly and shortsightedness of their attitude are certain to receive poetic justice. Already there is abundant evidence that American capitalists, and some wide-awake Canadians also, will speedily avail themselves of the opportunity to establish industries at favourable centres throughout the West, when the population reaches such numbers as will insure a sufficient market.

Canadian Destiny

Throughout the great border-land between mountain and prairie, some of the vast coal deposits are already being worked, the iron deposits are being investigated; there are many other economic minerals and plenty of wood, as well as opportunities for obtaining other raw materials. Here, then, is as wide and convenient a basis for manufacturing as in the east, and it depends very much upon the policy of the eastern Canadians as to

whether its development is to be somewhat prematurely forced, or to be allowed to proceed naturally. But, that the Canadian west will develop industries as surely as the American west, is quite certain, and neither Mr. Chamberlain's scheme, nor its rival eastern Canadian counterpart can prevent it.

For a time the surplus of Canadian grain will increase, and will flow to the British market, preference or no preference. But, as our industries develop and are able to reach out beyond our own shores in increasing volume, the home market for food will begin to overtake the home supply, and we shall more and more leave the feeding of the Mother Country to the less progressive peoples, be they within or without the Empire. So far as we continue to sell food to Britain, it will consist of the higher grade agricultural products and what may be called the manufactured, or specially prepared foods.

Canada's Economic Relation to Britain

We have, therefore, to frankly warn the Mother Country that, whether we adopt a revenue tariff or a protectionist tariff, we cannot undertake to reserve any portion of our market for her benefit. On the contrary we propose to produce everything that we can for our own use, and for any other markets that are in want of them. At the same time, if Britain continues, as she has long done, to treat our goods more generously than other nations do, we ought very properly to grant her favours in our markets. But these favours must depend upon our own judgment and our own convenience, and be subject to change with these; admitting, of course, the same liberty in the Mother Country. We thus avoid all mutual deception, raise no false expectations, and demand no sacrifices. We avoid, in other words, evils incident to every scheme of Imperialism, old or new.

The special inducements which Canada has to offer to the people of Britain are addressed rather to her capitalists

than to her tradesmen. We invite them to be partners in our future development. But, in the interest at once of our country's reputation and of their profits, we would respectfully advise them to employ experienced Canadians or Americans in managing their investments, rather than fellow-countrymen unacquainted with the conditions of Canada. If, however, British capitalists do not care to take advantage of the opportunity to share in our industrial progress, then they cannot complain if, in the near future, they find our perennial sources of power and our large reserves of raw materials passing into the possession of American capitalists. Their chagrin may not be lessened, either, when they observe the American capitalists, under the protection of prospective higher Canadian tariffs, enabled to draw increasing revenues from both man and nature.

Australia, Cape Colony, and New Zealand, owing to their natural conditions, may be confined to a much more limited number of profitable native industries, and may, therefore, be compelled to support a larger foreign trade. Hence they may find it convenient to relate themselves to the Mother Country somewhat differently from Canada. But Canada, like the United States, has within itself such a rich and varied supply of power and resources that it may normally look forward to being a largely self-contained country, of miscellaneous industries, and, therefore, in the course of its development, as already stated, a field for the import of capital in various forms, rather than for the import of goods for consumption.

But, as the only condition giving ultimate meaning to our industry, we must aspire to be a civilized people. And as Britain is still the great centre of our Anglo-Saxon civilization, we may hope to maintain with her a constantly increasing trade in ideas. In this traffic, for a long time, our imports will greatly exceed our exports.

Imperial Civilization

Here, too, we may hope not only for complete free trade within the Empire, but, in and through it, for free trade with the world. Still, in a very special sense, all the offspring of Britain may unite, in ever-increasing intimacy and harmony, in doing honour to the glorious traditions of our race. Under the inspiration of these traditions we must hope to work out, freely and naturally in each part of the Empire, ideals of national and private life worthy of our British ancestry, and such as will inspire our newer fellow-citizens of other races to be proud of their British connection. But such a spirit requires for its growth and maintenance none of the machinery of the New Imperialism, least of all that mercenary form of it which, under the cloak of imperial sentiment, makes an appeal to sectional selfishness.